

BRADLEY MEMORIAL HOSPITAL

Bradley Memorial Hospital, founded in 1938, is located in Southington, and primarily serves the residents of that town.

In FY 1999, the hospital staffed all 84 of its licensed beds

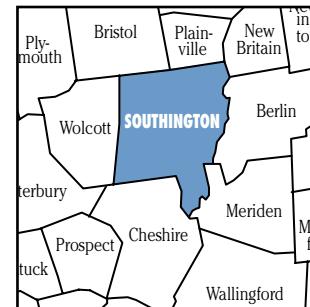
and employed 286 Full Time Equivalents.

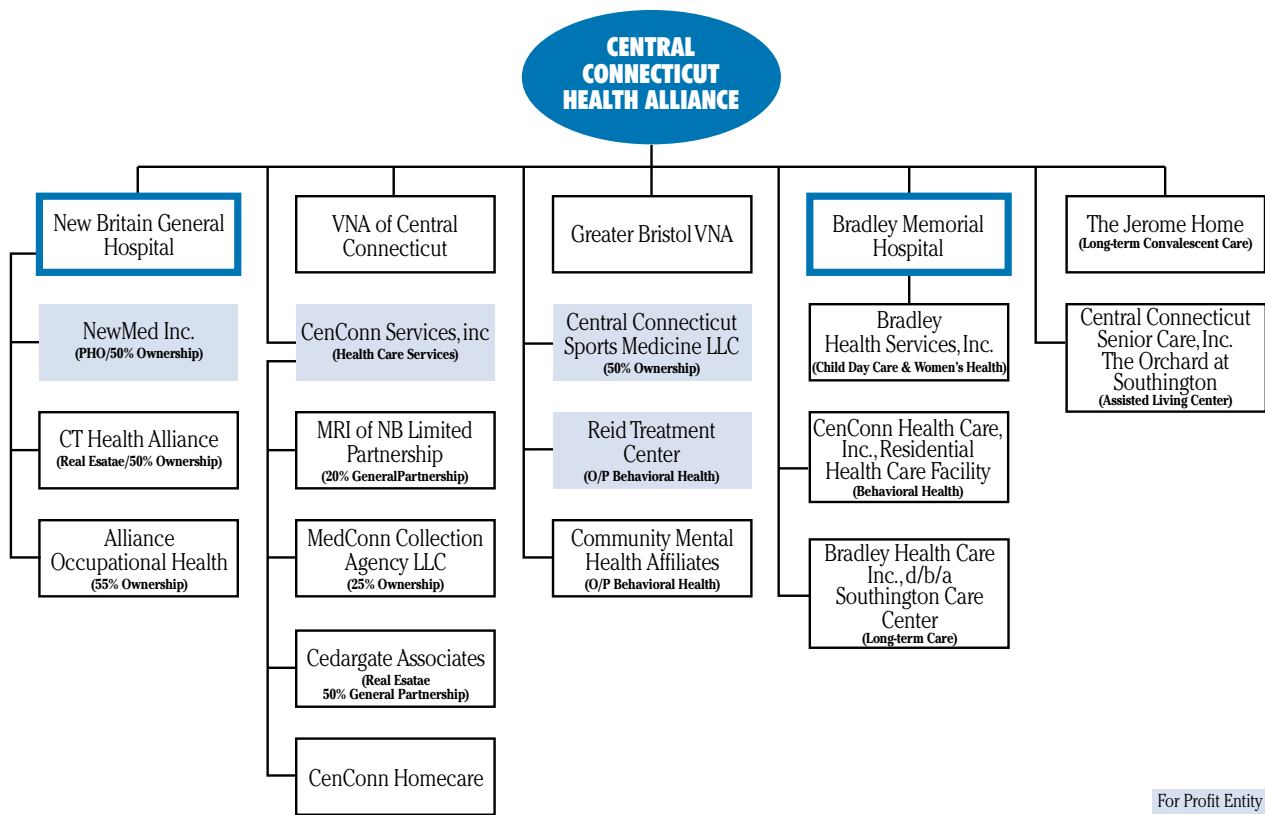
It is a part of the Central Connecticut

Health Alliance which also includes

New Britain General Hospital, and home

health, behavioral health, rehabilitation, and long-term care entities. The hospital's average age of plant is 12.7 years as compared to the U.S. average of 9.2 years.



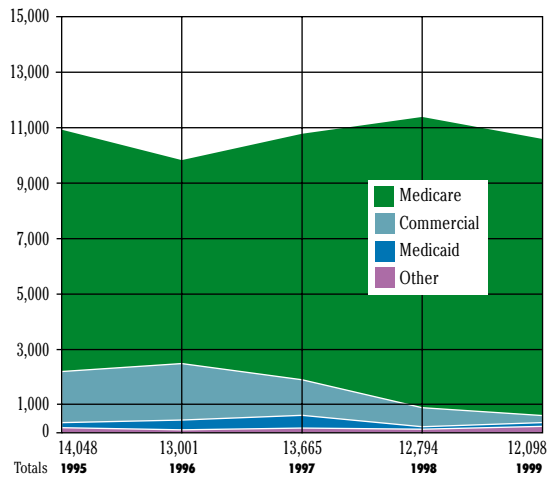
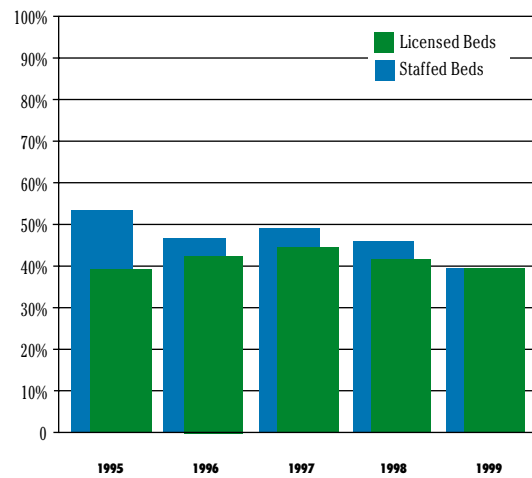
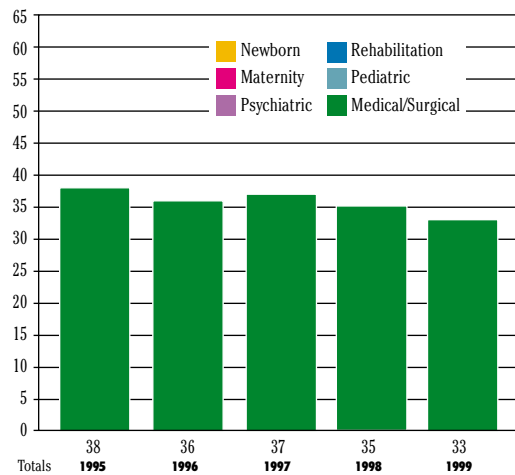
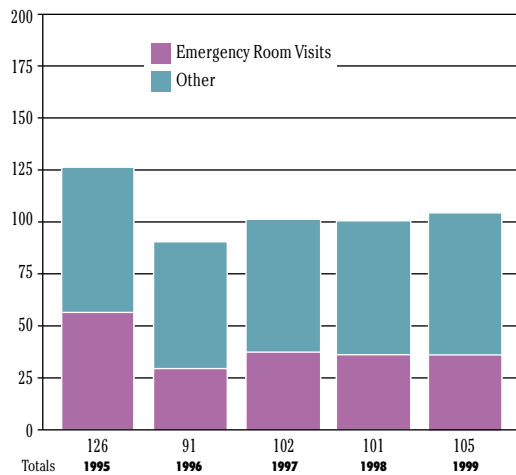
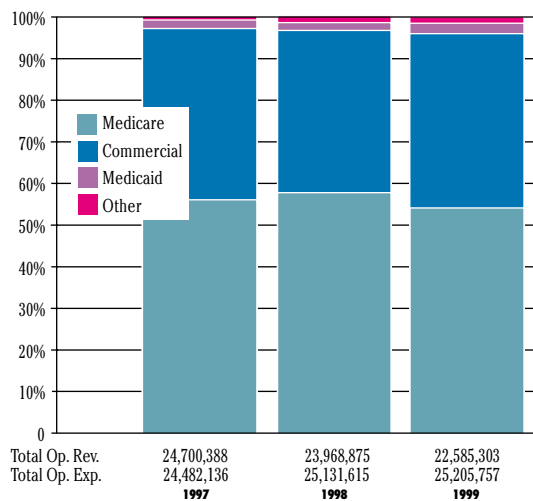


MARGINS	1997	1998	1999
Total margin	9.55%	-4.85%	2.12%
Operating margin	0.81%	-4.85%	-10.18%

PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.58	.61	.61
Medicare Payment to Cost	.97	.96	.91
Medicaid Payment to Cost	.71	.53	.59
Private Payment to Cost	1.24	1.07	1.04
Uncompensated Care Cost	\$635,247	\$407,391	\$590,187
Total expenses	\$24,482,136	\$25,131,615	\$25,205,757
Uncompensated care % of total expenses	2.59%	1.62%	2.34%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	32.00%	47.27%	46.31%
Debt service coverage			

LIQUIDITY MEASURES			
Days of expenses in accounts payable	50.39	44.61	64.86
Days cash on hand	19.37	21.02	17.19
Days of revenue in accounts receivable	54.71	54.60	56.46

**PATIENT DAYS BY PAYER****AVERAGE OCCUPANCY****AVERAGE DAILY CENSUS BY SERVICE****AVERAGE DAILY OUTPATIENTS****NET PATIENT REVENUE BY PAYER**

KEY PERFORMANCE DRIVERS

- ◆ The Southington community is supportive of the hospital. Most residents needing primary or secondary care seek treatment at Bradley, but the hospital does not offer obstetrics, pediatrics, mental health, or tertiary care services.
- ◆ Bradley's close proximity to hospitals in Hartford creates a competitive environment.
- ◆ Inpatient volume is declining. Patient days fell from 14,048 in 1995 to 12,098 in 1999.
- ◆ The hospital's payer mix is dominated by Medicare, which represents a high 54 percent of net revenue. Medicaid and private insurance account for 3 and 42 percent, respectively.
- ◆ Private payer payment to cost ratios have fallen significantly over the past five years, from a high of 1.24 in 1994 to less than 1.05 in 1999. Medicaid reimbursement is low at under 60 percent of cost.
- ◆ The hospital has had difficulty recruiting physicians, particularly specialists. This problem has been exacerbated as the hospital's financial situation deteriorates.
- ◆ Bradley Memorial has a strong balance sheet, as evidenced by its endowment and minimal debt. This strength is jeopardized by negative operating margins in 1998 and 1999.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Balanced Budget Act of 1997. While all hospitals feel the impact of decreasing Medicare reimbursement, Bradley's high Medicare payer mix affects this hospital more acutely.

Alliance with New Britain General Hospital. Bradley Memorial Hospital might not be in existence today without the Central Connecticut Health Alliance. The affiliation gave Bradley additional access to managed care contracts and enabled the hospital to reduce administrative costs through joint purchasing and shared management resources.

Volume. Management partially attributes the decline in inpatient volume to evolving nursing home care. More nursing home patients are receiving medical care in the nursing homes, and thus are not being admitted as frequently to hospitals.

Ongoing Viability and Transition to Ambulatory Care Model. Decreasing patient volumes and declining reimbursement make the hospital's viability tenuous. Some stakeholders believe that the hospital should transition away from a full service hospital to an ambulatory care model. The community would still have access to services, and the hospital would not spend down its endowment on continuing operational losses.